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RUEHCN/AMCONSUL CHENGDU 2208  
RUEHGZ/AMCONSUL GUANGZHOU 0665  
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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 002516

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SUBJECT: KMT LY SPEAKER WANG JIN-PYNG ON ELECTIONS,  
KAOHSIUNG VERDICT, ANNUAL BUDGET

REF: TAIPEI 2501

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

11. (C) Summary: KMT LY Speaker Wang Jin-pyng told the Director on November 20 that the KMT has almost completely absorbed its Pan-Blue ally, the PFP, which will have only three candidates under its banner in the next LY election. Wang seemed neither pleased nor surprised by his number-one spot on the KMT's list of at-large legislative candidates, and would not say whether he would seek re-election as LY Speaker. The KMT could win as many as 67 seats in the LY, predicted Wang, and former president Lee Teng-Hui, fed up with President Chen and the DPP, might even endorse Ma late in the campaign. Wang studiously withheld praise for KMT presidential candidate Ma Ying-jeou, whose current lead Wang attributed primarily to rising public anger at President Chen. DPP presidential candidate Frank Hsieh is doing no better, Wang said, adding that Hsieh would now be facing corruption charges absent President Chen's interference. Wang expressed hope the LY would pass the 2008 annual budget by late December, and voiced frustration that the U.S. had not yet replied to Taiwan's request for F-16s. End Summary.

12. (C) The Director met with KMT Legislative Yuan (LY) Speaker Wang Jin-pyng at Wang's LY residence the afternoon of November 20. Wang, distracted by the press of LY business, was less talkative than usual, but did offer some insights on the upcoming legislative and presidential elections, and an update on this year's annual budget.

PFP Fading Away  
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13. (C) On arrival at the residence, the Director encountered Wang speaking to a former People First Party (PFP) legislator, Ko Shu-min, who had recently returned to the KMT to participate in the January 12, 2008 LY election. In response to the Director's question, Ko confirmed that the PFP had decided not to put up a slate of its own for the party at-large ballot. (Note: During the LY election, voters will cast one ballot for their district candidate of choice, and a separate ballot for their party of choice. The latter ballots will be used to elect the "at-large" candidates via a "first-past-the-post system. End note.) Wang told the Director the PFP will still have one district candidate vying for the Matzu Island seat and two candidates competing for

two of the eight LY seats reserved to the Aboriginal population.

#### LY Speaker In Limbo?

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14. (C) Wang told the Director he was neither happy nor surprised by the KMT decision to put him at the top of the party's list of "at-large" candidates. Wang refused to disclose whether he intended to seek the LY speakership again, creating the impression that he might be tired of the position and its responsibilities, and perhaps interested in something different.

#### KMT Unified, Almost

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15. (C) Wang acknowledged the KMT at-large list had been a source of controversy within the party, and that the omission of several reform-minded candidates had also attracted negative press attention. Wang claimed he had not been involved in the selection process, but opined Ma likely had been. According to Wang, one of Ma's nominees, former Chi Mei Hospital Director Steve Chang (Chi-hsien), had actually been recommended by Ma's vice presidential running mate, Vincent Siew (Hsiao Wen-chang). Chang was upset by his omission from the at-large list, Wang continued, but has since been placated with a party Vice Secretary-General position.

#### LY, Presidential Campaigns

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16. (C) Wang predicted the KMT would win a minimum of 60 (of 113) seats in the next LY, and as many as 67 if everything were to break in the KMT's favor. The new legislative format will further marginalize former president Lee Teng-hui's Taiwan Solidarity Union (TSU), and will virtually eliminate James Soong's PFP. Noting that Lee still appears to have considerable influence within Taiwan's political circles, the Director asked who Lee might endorse for president, and how it would affect the race. Lee is increasingly angry and frustrated with President Chen's "incompetence and corruption," Wang responded, making it possible that Lee could endorse Ma Ying-jeou, or "help" him in other ways. An endorsement from Lee must not come too early in the race, Wang added, or it will do no good at all. (Comment: Wang is presumed to be in close contact with Lee so his comments here take on added significance. End Comment.)

17. (C) If Frank Hsieh wins the presidency, Wang told the Director, President Chen would likely remain as DPP party chairman. The Director replied that contacts within the DPP had told AIT that Hsieh as president would automatically assume the party chairmanship. Wang disagreed, arguing that Hsieh would want to avoid the aggravations of the chairmanship, leaving the position in Chen's hands.

18. (C) The Director asked Wang where Ma Ying-jeou's campaign advantages lie. Wang only mentioned factors external to Ma and his campaign: the public is increasingly angry and dissatisfied with the DPP government, Wang replied, which has helped Ma maintain his lead in the polls. The KMT base is also larger than that of the DPP. Conspicuously, Wang did not mention Ma's recent long-stay programs, or any of his cross-Strait or economic reform proposals. When asked about his role in Ma's campaign, Wang claimed to have arranged Ma's November 19 visit to Kaohsiung City, adding that the two of them had appeared together at public events during the visit.

19. (C) Wang was even less charitable to Frank Hsieh, who he described as having no observable advantage over Ma at this stage of the race. Although Hsieh has echoed many of Ma's

proposals to ease restrictions on cross-Strait trade and tourism, Wang continued, the public does not believe Hsieh intends to honor those campaign promises. Others question whether China would be willing to work with a President Hsieh, Wang added, especially if Chen Shui-bian remains active in DPP politics. Wang claimed without elaborating that Hsieh had sent representatives to Beijing to increase mutual understanding, but did not mention the result of Hsieh's overtures.

Kaohsiung Fix Was In  
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¶10. (C) Ever the conspiratorialist, Wang alleged the DPP administration had pressured the Kaohsiung appellate court to reinstate Chen Chu as Kaohsiung mayor (see reftel). Many in the KMT had expected this result, Wang added, because courts in southern Taiwan are dominated by Green partisans. Wang predicted the DPP Kaohsiung victory will help the KMT mobilize indignant Blue voters in the upcoming legislative and presidential elections. The KMT is more unified than the opposing DPP, Wang asserted, but differences within the party remain, especially between Ma and former chairman Lien Chan. According to Wang, Ma is changing KMT policy to appeal to more moderate voters, but does not think about how deep-Blues might react.

¶11. (C) The Director asked Wang's opinion of the corruption trial against Vice President Annette Lu, which had just begun. If Lu has committed any crime, Wang replied, it must be very small, especially compared to Frank Hsieh's misdeeds. Hsieh hasn't been prosecuted yet, Wang charged, because President Chen is protecting him and his vice presidential running mate Su Tseng-chang. According to Wang, at least ten criminal investigations are pending against Hsieh, all of which have merit.

Annual Budget  
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¶12. (C) Early next week, Wang told the Director, the LY will begin amendments and additions to the FY 2008 annual budget. Wang said he hopes to have the budget passed before the LY ends during the week of December 17. He expressed frustration that the USG had not yet responded to Taiwan's request for F-16s, even though the LY had already appropriated much of the necessary funding.

Comment  
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¶13. (C) Wang is an adept political insider, more in touch with disparate political groups than anyone else at his level of authority in Taiwan. The fact that he talks to President Chen, former President Lee, and just about everyone else who counts in Taiwan politics today, makes him an interesting contact. That said, his transparent ambitions and well-known animus toward Ma Ying-jeou warrant a grain of salt be added to much of what he postulates concerning political outcomes.  
YOUNG